

**HONG FOK CORPORATION LIMITED**

(Co. Reg. No. 196700468N)

**First Quarter Financial Statement for the Period Ended 31 March 2012****PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS****1(a) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

First quarter financial statement on consolidated results for the period ended 31 March 2012.  
These figures have not been audited.

	The Group		
	\$'000		%
	1st Quarter 2012	1st Quarter 2011	Increase/ (Decrease)
<b>Revenue</b> (Note 1)	25,291	12,068	110
Other income	77	119	(35)
	25,368	12,187	108
Cost of sales of development properties	(11,145)	(1,316)	747
Depreciation of fixed assets	(46)	(42)	10
Impairment (made)/written back in trade and other receivables and bad debts written off, net	(20)	25	NM
Gain/(Loss) on remeasurement of other investments	121	(17)	NM
Other expenses	(7,469)	(7,055)	6
	6,809	3,782	80
Finance expense	(2,378)	(2,280)	4
	4,431	1,502	195
Share of results of associates, net of tax	(176)	(6)	2,833
<b>Profit before income tax</b> (Note 2)	4,255	1,496	184
Income tax expense	(573)	(552)	4
<b>Profit for the period</b>	3,682	944	290
<b>Other comprehensive income</b>			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(3,581)	(2,151)	66
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(856)	(485)	76
<b>Other comprehensive income for the period, net of income tax</b>	(4,437)	(2,636)	68
<b>Total comprehensive income for the period</b>	(755)	(1,692)	(55)
	3,682	944	290
<b>Profit for the period attributable to Owners of the Company</b>			
<b>Total comprehensive income for the period attributable to Owners of the Company</b>	(755)	(1,692)	(55)

## Notes:

- (1) Included in Revenue is investment income of approximately \$2,000 (2011 : \$1,000).
- (2) Included in Profit before income tax is net profit on sale of development properties of approximately \$3,370,000 (2011 : \$27,000).
- (3) NM – Not Meaningful.
- (4) NA – Not Applicable.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	\$'000		\$'000	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
<b>Non-current Assets</b>				
Fixed assets	314	346	-	-
Subsidiaries	-	-	232,885	234,616
Associates	142,864	147,574	-	-
Investment properties	1,257,847	1,257,660	-	-
Other assets	397	399	-	-
	1,401,422	1,405,979	232,885	234,616
<b>Current Assets</b>				
Other investments	432	311	-	-
Development properties	286,122	280,567	-	-
Trade and other receivables	3,246	3,022	8	3
Cash and cash equivalents	54,862	57,008	314	314
	344,662	340,908	322	317
<b>Total Assets</b>	1,746,084	1,746,887	233,207	234,933
<b>Equity Attributable to Owners of the Company</b>				
Share capital	186,688	186,688	186,688	186,688
Reserves	840,905	841,660	44,478	45,149
<b>Total Equity</b>	1,027,593	1,028,348	231,166	231,837
<b>Non-current Liabilities</b>				
Trade and other payables	2,101	1,644	-	-
Obligations under finance leases	1	11	-	-
Loans	599,045	598,253	-	-
Deferred tax liability	91,450	91,150	-	-
	692,597	691,058	-	-
<b>Current Liabilities</b>				
Bank overdraft	793	-	-	-
Trade and other payables	22,564	25,216	758	747
Obligations under finance leases	44	45	-	-
Financial guarantees	-	-	1,283	2,349
Tax payable	2,493	2,220	-	-
	25,894	27,481	2,041	3,096
<b>Total Liabilities</b>	718,491	718,539	2,041	3,096
<b>Total Equity and Liabilities</b>	1,746,084	1,746,887	233,207	234,933

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31.03.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
\$837,000	-	\$45,000	-

**Amount repayable after one year**

As at 31.03.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
\$599,046,000	-	\$598,264,000	-

**Details of any collaterals**

The borrowings by the subsidiaries are generally secured by the Group's investment properties and certain development properties and are guaranteed by the Company.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group	
	\$'000	
	1st Quarter 2012	1st Quarter 2011
<b>Operating Activities</b>		
Profit before income tax	4,255	1,496
Adjustments for:		
Share of results of associates, net of tax	176	6
Amortisation of transaction cost of loans	186	182
Depreciation of fixed assets	46	42
(Gain)/Loss on remeasurement of other investments	(121)	17
Impairment made/(written back) in trade and other receivables and bad debts written off, net	20	(25)
Interest income	(14)	(26)
Interest expense	2,192	2,098
	6,740	3,790
Changes in working capital:		
Development properties	(5,420)	33,790
Trade and other receivables	(306)	(2,696)
Trade and other payables	(2,240)	(3,522)
Cash (used in)/generated from operations	(1,226)	31,362
Income tax paid	-	(557)
Interest income received	18	62
Income tax refund	-	111
<b>Cash Flows from Operating Activities</b>	(1,208)	30,978
<b>Investing Activities</b>		
Capital expenditure on investment properties	(187)	(861)
Purchase of fixed assets	(14)	(16)
<b>Cash Flows from Investing Activities</b>	(201)	(877)
<b>Financing Activities</b>		
Interest expense paid	(2,280)	(2,172)
Repayment of loans	-	(1,000)
Payment for transaction costs on loans	(1,320)	-
Payment of finance lease rentals	(11)	(11)
Proceeds from loans	2,081	-
<b>Cash Flows from Financing Activities</b>	(1,530)	(3,183)
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(2,939)	26,918
Cash and cash equivalents at 1 January	57,008	44,213
Effect of exchange rate fluctuations	-	(1)
<b>Cash and Cash Equivalents at 31 March</b>	54,069	71,130
<b>Cash and Cash Equivalents at 31 March is represented by:</b>		
Cash at banks and in hand	1,862	1,499
Fixed deposits	53,000	71,000
Bank overdraft	(793)	(1,369)
	54,069	71,130

Included in cash and cash equivalents as at 31 March 2012 is an amount held under the Housing Developers (Project Account) Rules of approximately \$53,522,000 (2011 : \$71,844,000) the use of which is subject to restriction imposed by the said Rules.

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

		\$'000				
		Attributable to Owners of the Company				
	Share Capital	Capital and Other Reserves	Translation Reserves	Retained Profit	Total Equity	
<b>The Group</b>						
At 1 January 2011	186,688	2,467	(51,834)	750,021	887,342	
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	944	944	
<b>Other comprehensive income</b>						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(2,151)	-	(2,151)	
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(485)	-	(485)	
Total other comprehensive income	-	-	(2,636)	-	(2,636)	
<b>Total comprehensive income for the period</b>	-	-	(2,636)	944	(1,692)	
At 31 March 2011	186,688	2,467	(54,470)	750,965	885,650	
At 1 January 2012	186,688	2,640	(50,657)	889,677	1,028,348	
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	3,682	3,682	
<b>Other comprehensive income</b>						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(3,581)	-	(3,581)	
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(856)	-	(856)	
Total other comprehensive income	-	-	(4,437)	-	(4,437)	
<b>Total comprehensive income for the period</b>	-	-	(4,437)	3,682	(755)	
At 31 March 2012	186,688	2,640	(55,094)	893,359	1,027,593	
<b>The Company</b>						
At 1 January 2011	186,688	-	-	44,740	231,428	
Loss for the period - Total comprehensive income for the period	-	-	-	(2,531)	(2,531)	
At 31 March 2011	186,688	-	-	42,209	228,897	
At 1 January 2012	186,688	-	-	45,149	231,837	
Loss for the period - Total comprehensive income for the period	-	-	-	(671)	(671)	
At 31 March 2012	186,688	-	-	44,478	231,166	

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any shares during the financial period under review. The Company's share capital consists of 659,554,698 ordinary shares as at 31 March 2012.

On 22 March 2012, the Directors announced a proposed bonus issue to its shareholders on the basis of one (1) bonus share for every five (5) existing ordinary shares in the capital of the Company.

The bonus shares were issued on 18 April 2012 and following the allotment and issue of the bonus shares, the aggregate number of issued ordinary shares increased from 659,554,698 shares to 791,465,621 shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31.03.2012	31.12.2011
Total number of issued shares excluding treasury shares	659,554,698	659,554,698

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

NA.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

NA.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the Group's and the Company's audited financial statements for the year ended 31 December 2011.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Nil.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	1st Quarter 2012	1st Quarter 2011 (Restated)
Earnings per ordinary share of the Group after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue; and	0.47 cts	0.12 cts
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	0.47 cts	0.12 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$3,682,000 (2011 : \$944,000) and the weighted average number of ordinary shares outstanding of 791,465,621 (2011 : 791,465,621).

The comparative for the weighted average number of ordinary shares used in computing the earnings per share for the period ended 31 March 2011 has been restated from 659,554,698 to 791,465,621 as a result of the issuance of 131,910,923 shares pursuant to the bonus issue by the Company. The earnings per share for the Group has been restated from 0.14 cts to 0.12 cts for the period ended 31 March 2011.

There are no potential dilutive ordinary shares in existence as at 31 March 2012 and 31 March 2011.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares

- 659,554,698 ordinary shares (Note 1(d)(ii))

- 791,465,621 ordinary shares (Note 1(d)(ii))

	The Group		The Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	156 cts	156 cts	35 cts	35 cts
	130 cts	130 cts	29 cts	29 cts

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue for the current period increased approximately by \$13.2 million as compared to the previous period. This was due mainly to the recognition of sales revenue from the residential units of Concourse Skyline based on the percentage of completion method.

With the recognition of the sales revenue from the residential units of Concourse Skyline, the Group recorded the cost of sales of these properties.

The Group recorded a gain on remeasurement of other investments due to the recorded bid price being higher as compared to the previous period.

The loss from associates increased approximately by \$0.2 million in the current period.

The Group's profit for the current period, therefore, increased by approximately \$2.7 million as compared to the previous period.

The Group recorded an increase in other investments due to its gain on remeasurement.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

NA.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group expects the occupancy rate of the office property market to remain stable.

The Group will continue to recognise revenue from the sold residential units of Concourse Skyline based on the percentage of completion method.

**11. If a decision regarding dividend has been made:**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

- (b)(i) Amount per share ..... cents

NA.

- (ii) Previous corresponding period ..... cents

NA.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

NA.

**(d) The date the dividend is payable.**

NA.

**(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

NA.

**12. If no dividend has been declared (recommended), a statement to that effect.**

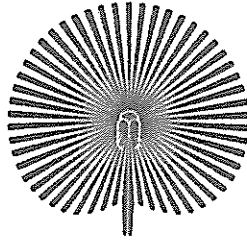
No dividend has been declared/recommendeded for the first quarter ended 31 March 2012.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a general mandate from shareholders for interested person transactions.

**BY ORDER OF THE BOARD**

Koh Chay Tiang  
Dorothy Ho  
Company Secretaries  
15 May 2012



HONG FOK CORPORATION LIMITED

**CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Directors of Hong Fok Corporation Limited ("the Company") confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the First Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 31 March 2012 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore  
15 May 2012